



Smart Connected Services

Investor Presentation

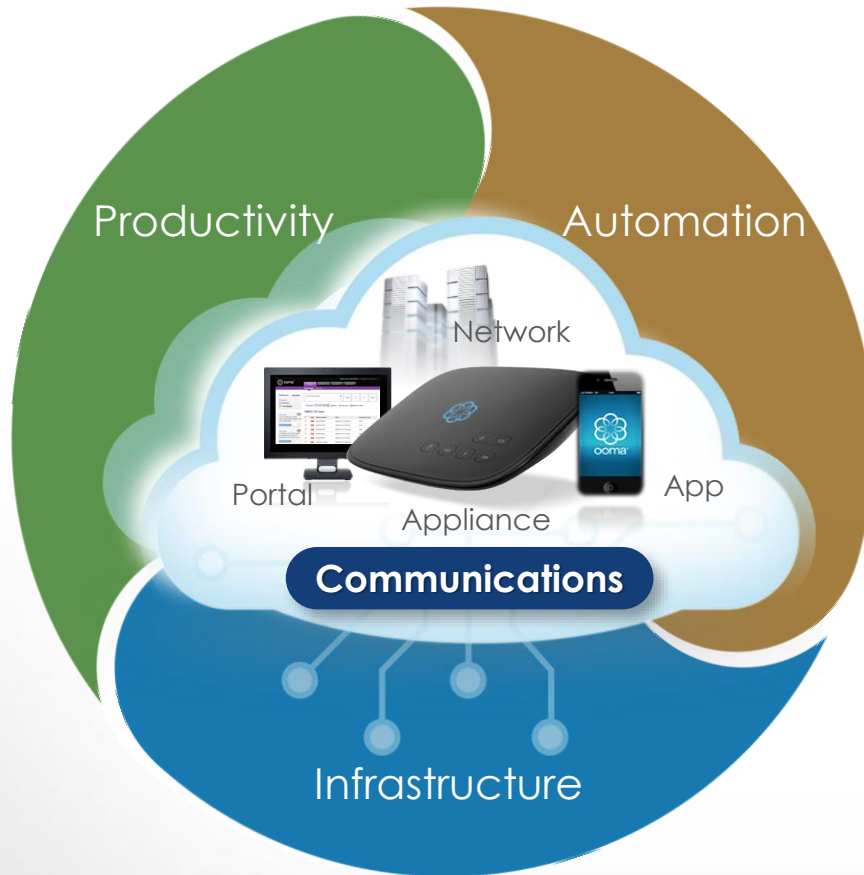
Information as of
November 27, 2018

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www.ooma.com

Ooma is a cloud/SaaS provider of communications and other connected services, with solutions for business, home, and mobile users

Company Overview



Founded 2004

HQ: Sunnyvale, California

IPO in 2015, NYSE: OOMA

Multi-tenant SaaS platform

~969k core users

~90% recurring revenue

~100% recurring revenue retention

650+ Employees/contractors

Investment Highlights



Massive Connected Services Opportunity

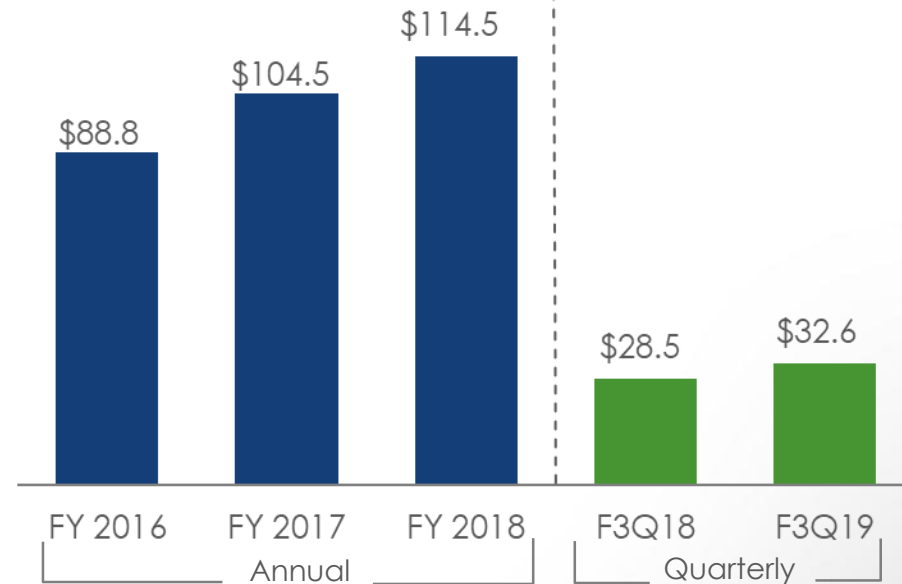
Unique Hybrid SaaS Platform Solution

Disruptive Cloud Communications and Other Connected Services

Efficient Integrated Go-to-Market Strategy

Predictable SaaS Subscription Business/Financial Model

Total Revenue
(in millions)



1: Core users include home user accounts and business user extensions.

Mega Trends Drive Our Business



Cloud Communications

“Traditional methods for voice are ripe for replacement.” - Macquarie

SMB SaaS

“SMBs are expanding the SaaS market opportunity for vendors.” - JPMorgan

IoT

“The Internet of Things represents huge potential ... need for more ... systems to deploy, manage and make use of ... devices.” - IDC



Disruptive Cloud Communications Opportunity

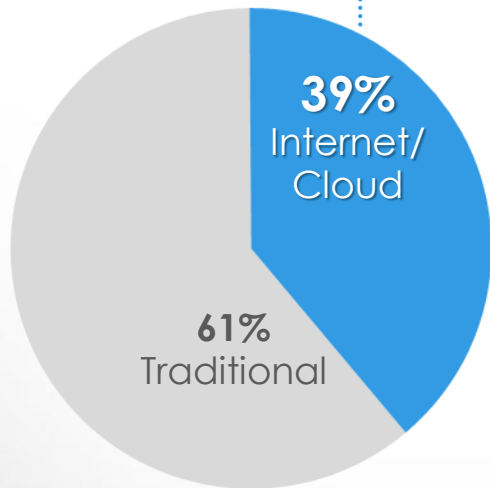


Business



62M Business Lines in North America

30%
CAGR¹

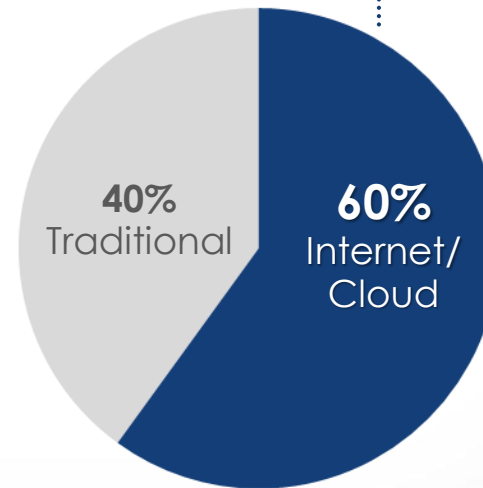


Home



74M Home Lines in North America

2%
CAGR¹

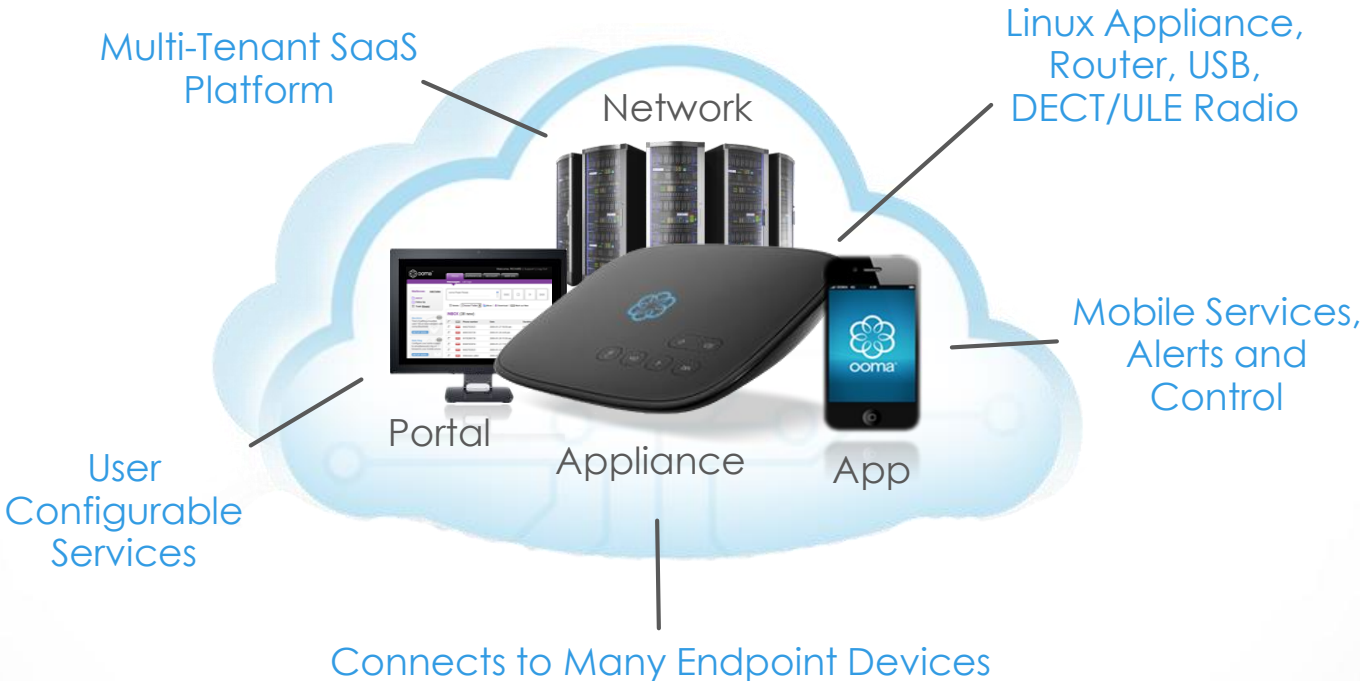


We Target Communications to Drive Adoption of the Ooma Platform

1: 2013 - 2016

Source: FCC Voice Telephone Services: Status as of December 31, 2016, CRIC Communications Monitoring Report 2016, IDC; U.S. Consumer Landline Voice Services 2014-2018 Forecast

Unique SaaS Platform



Integrated, Managed Platform Enabling Both Communications and Other Connected Services

Competitive Advantages



Breakthrough Voice
Quality

- Proprietary PureVoice Technology

Innovative Services

- Unique Applications that Create Customer Interest and Stickiness

Enhanced User
Experience

- Plug-and-Play Solutions, Diagnostics and New Service Upgrades

Superior Value

- Disruptive Low Cost Calling Architecture

Customers Rate Ooma #1



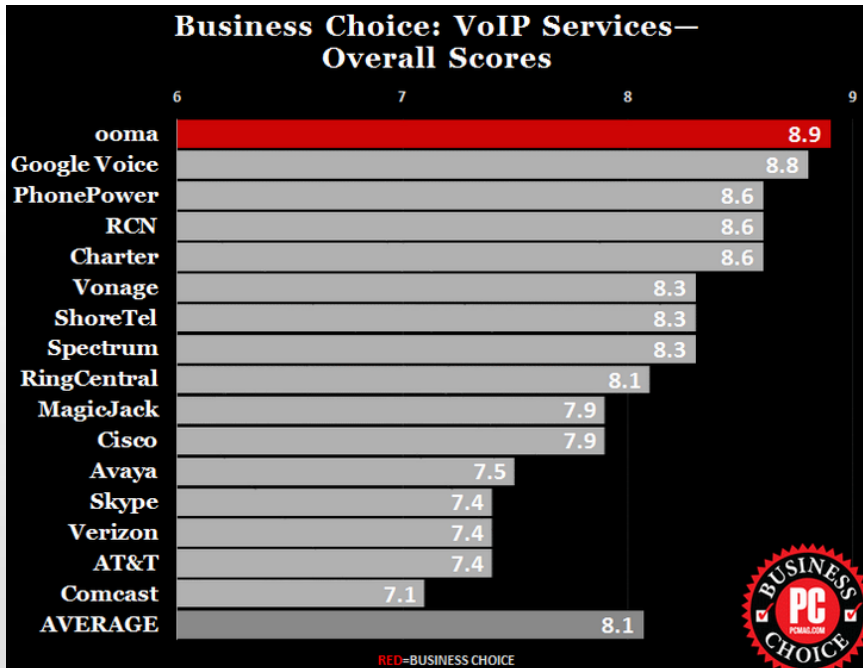
Office

#1 Ranked by Readers
5 Years in a Row



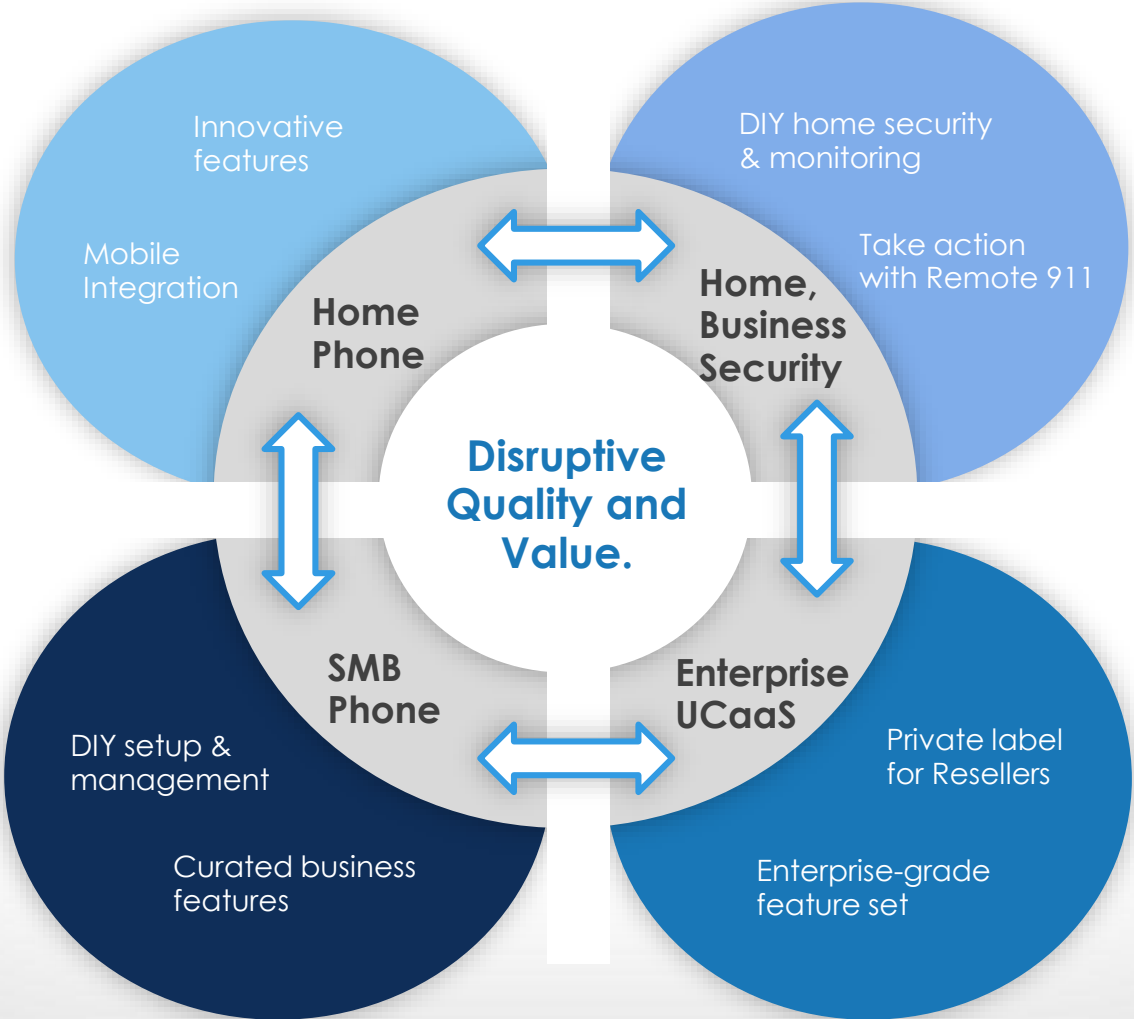
Home

Top Ranked by Readers
in last 7 surveys, including
2018



Order	Type	Provider	Reader score		Survey results			
			Value	100	Value	Reliability	Call quality	Support
1	VoIP	Ooma	88	100	●	●	●	●
2	VoIP	WOW	82	100	●	●	●	●
3	VoIP	Vonage	81	100	●	●	●	●
4	VoIP	SuddenLink	78	100	●	●	●	●
5	VoIP	MagicJack	78	100	●	●	●	●
6	VoIP	Bright House Networks	77	100	●	●	●	●
7	fiber	Verizon FIOS	76	100	●	●	●	●
8	VoIP	RCN	75	100	●	●	●	●
9	VoIP	Cablevision/Optimum	75	100	●	●	●	●
10	VoIP	Cox	74	100	●	●	●	●
11	land	Cincinnati Bell	73	100	●	●	●	●
12	land	Cox	73	100	●	●	●	●
13	land	TDS	73	100	●	●	●	●
14	VoIP	Charter	72	100	●	●	●	●
15	fiber	AT&T U-verse	72	100	●	●	●	●
16	fiber	CenturyLink	72	100	●	●	●	●
17	land	Windstream	70	100	●	●	●	●
18	land	Verizon	70	100	●	●	●	●
19	land	FairPoint	70	100	●	●	●	●
20	VoIP	Time Warner Cable	69	100	●	●	●	●
21	fiber	Frontier	69	100	●	●	●	●
22	land	CenturyLink	69	100	●	●	●	●
23	VoIP	Comcast/Xfinity	69	100	●	●	●	●
24	land	Frontier	68	100	●	●	●	●
25	land	AT&T	67	100	●	●	●	●

Ooma Ecosystem



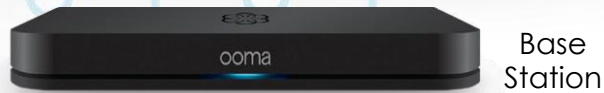
SMB Phone: Ooma Office



Business Services

- Virtual Receptionist
- Music-on-Hold
- Voicemail
- Call Transfers
- eFax
- Conferencing
- Call Forwarding
- Ring Groups
- Mobile Apps

And More!



Base Station



IP Phones



Analog Fax



Analog Phones

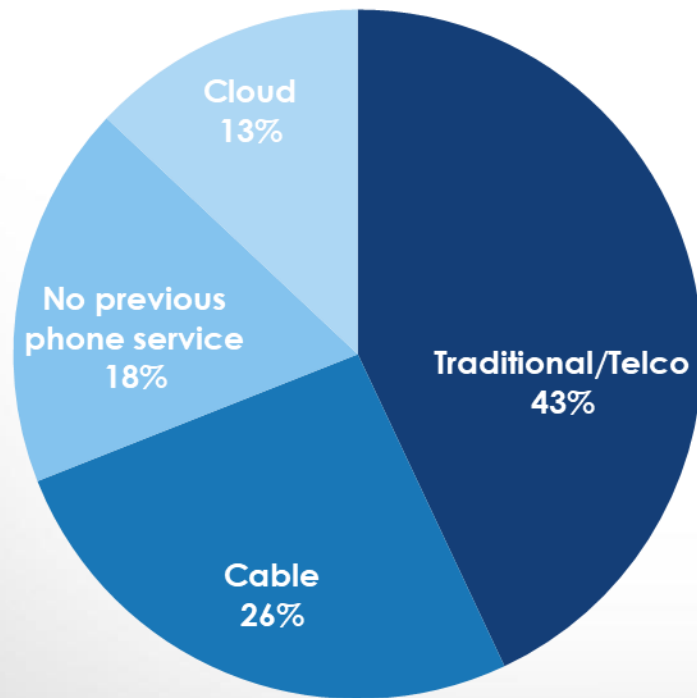
- Suite of user configurable cloud PBX features
- Broadest solution available
- Eliminates expensive specialist IT support
- Makes small businesses sound like big businesses

Small Businesses Are Switching From Traditional/Cable Phone Service



Previous Phone Service

%



Reasons For Purchasing Ooma Office

1. Cost savings/unlimited nationwide calling
2. Easy to install/simple to configure
3. Uses regular (existing) phones
4. Powerful features
5. Great voice quality

Source: Ooma Survey for Feb. 2017 – Jan. 2018

Enterprise UCaaS: Ooma Enterprise



Enterprise Services

- Integrations
- Rich Telephony
- Contact Center
- Global Service
- Mobile Apps
- Collaboration
- High Availability
- Tailored Desk phone Experience
- Reporting

And More!

- Enterprise Targeted Solution
- Enhanced Quality Of Service
- Bespoke Solutions
- White Label with Partners



IP Phones

Home Phone: Ooma Telo

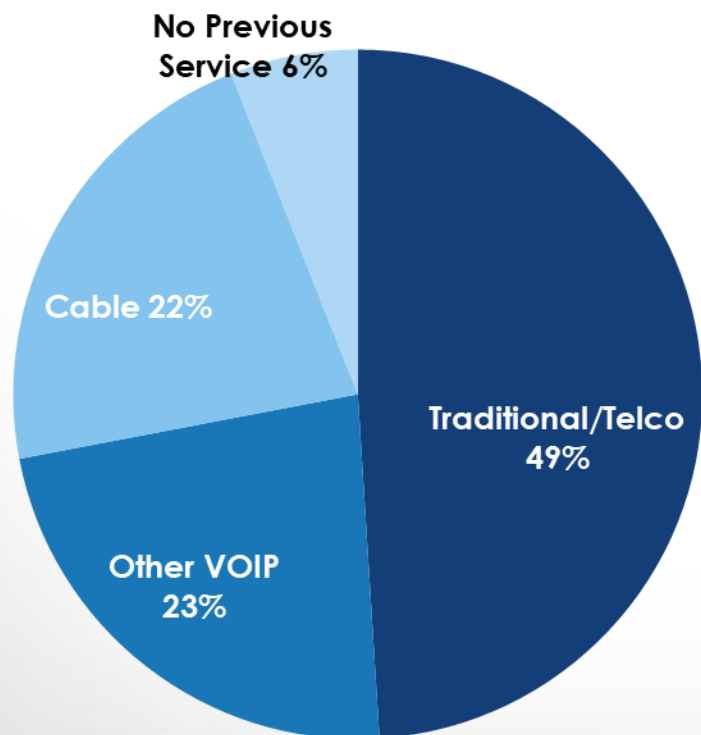


- Free home phone service, just pay taxes and fees
- Innovative Premier features
- Ideal for families with children, multi-generational households, homes with in-home businesses, second homes, and anyone who cares about safety

Homes Are Switching From Traditional/Cable Phone Service



Previous Phone Service %



Reasons For Purchasing Ooma Telo

1. Free Calling/No More Phone Bills
2. Uses Existing Home Phones
3. Easy Installation
4. Great Voice Quality
5. Bundled Calling Features/Premier Features

Home Security: Ooma Home



Security Services

Remote 911
Automatic Arm/Disarm
Phone call Alerts
Text & Push Notifications

Facial Recognition
Video Battery Backup
Video On-board Memory
DIY Installation

And More!

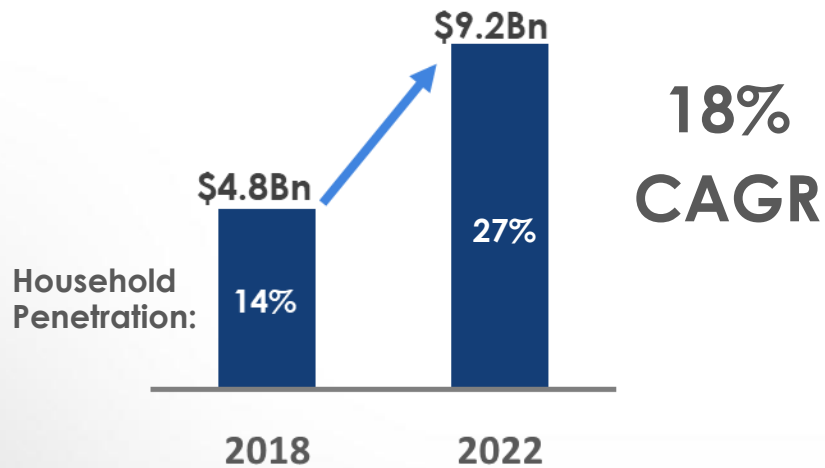


- Do-it-yourself home security that leverages the Ooma Telo
- Rich notifications
- Remote 911 for emergency response from anywhere
- Video with A.I. facial recognition
- Unique wireless technology

Smart Home Growth Opportunity



Smart Home Security Market Growth* North America



Ooma Opportunity

- Large, growing market
- Unique integrated solution
- Leverage existing platform/customers
- Disrupt expensive traditional security

*Source: <https://www.statista.com/outlook/281/104/security/north-america#market-revenue>

Integrated Growth Strategy



Efficient Marketing

TV / Traditional Media

- Broad Reach
- Low Cost
- Builds Brand Image



Online

Targeted Campaigns

- Directly
- Through Retailers



Social / Word of Mouth

72% Net Promoter Score¹

Cost-Effective Sales

Leading Retailers

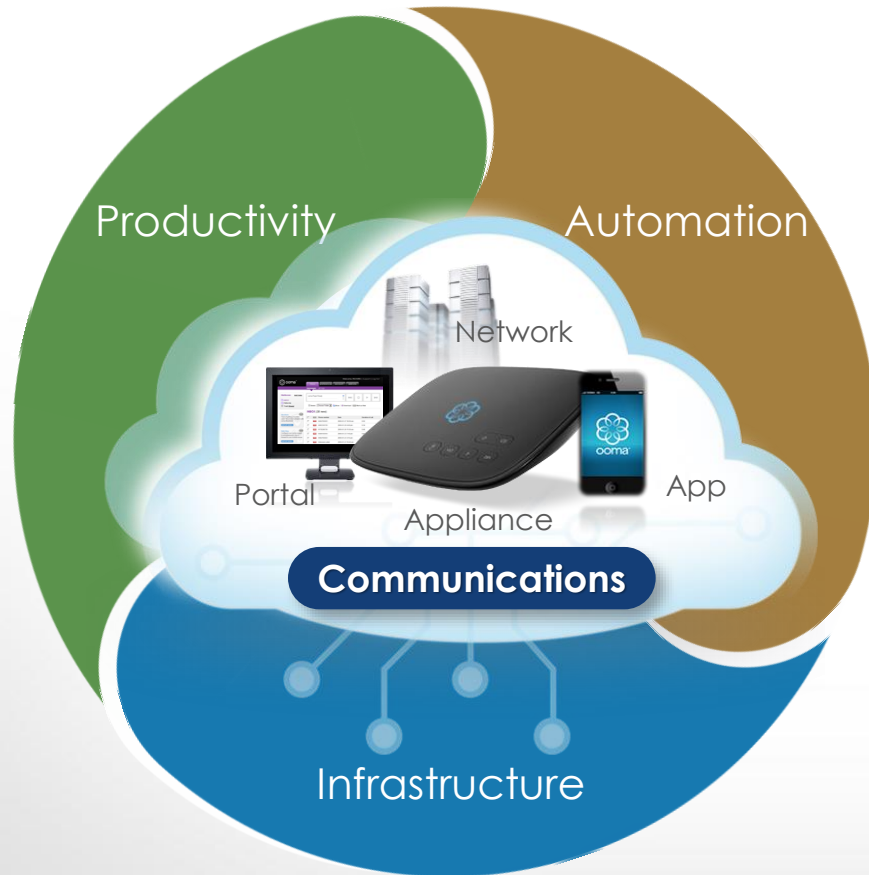


Direct Sales



Resellers And Partners

Growth Drivers



- **SMB/Home Cloud Communications**
- **Enterprise UCaaS**
- **Security and Other Connected Services**
- **International Markets**

Investment Highlights



Massive Connected Services Opportunity

Unique Hybrid SaaS Platform Solution

**Disruptive Cloud Communications and
Other Connected Services**

Efficient Integrated Go-to-Market Strategy

Predictable SaaS Subscription Business/Financial Model



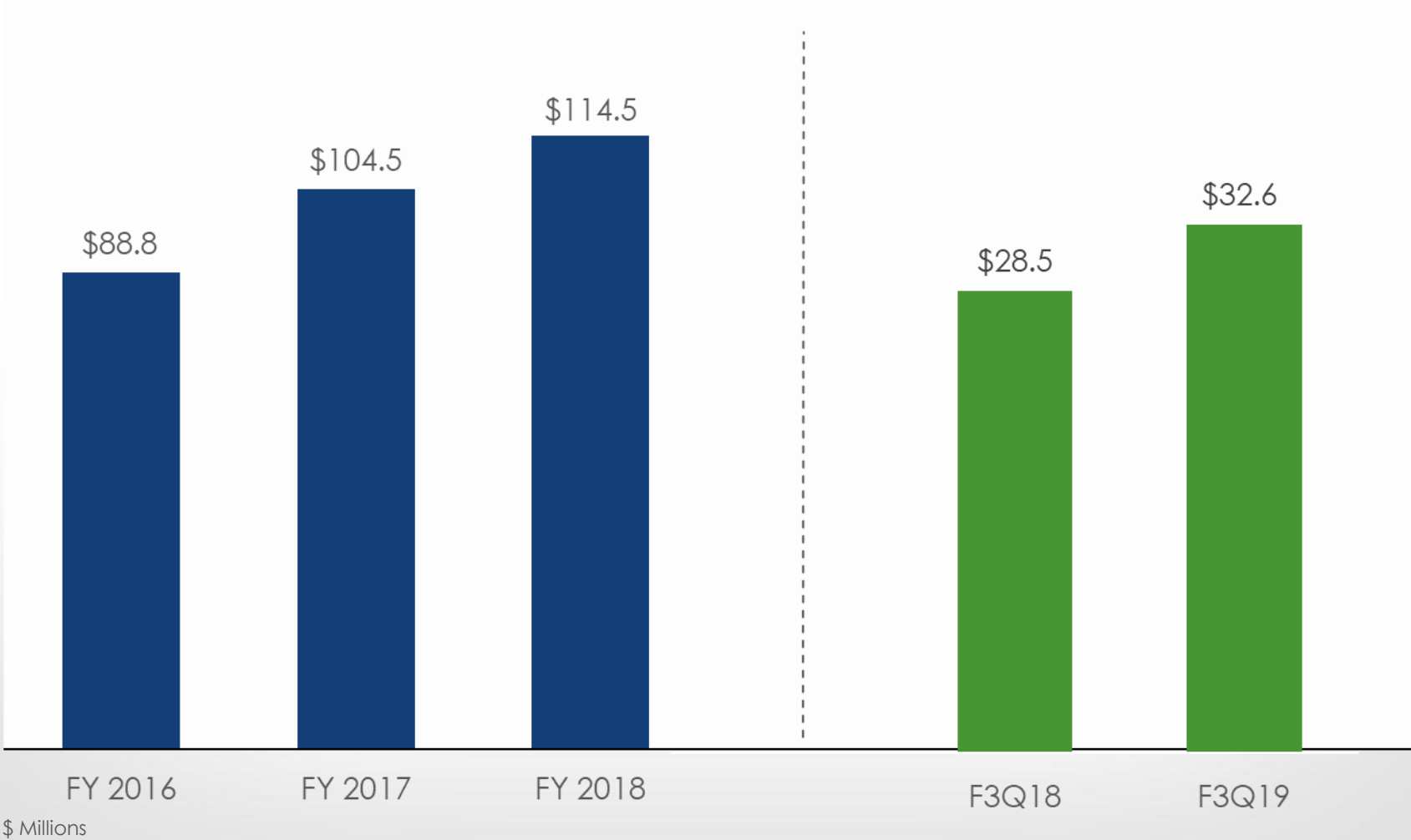
Financial Overview

Steady Revenue Growth



Annual Revenue

Quarterly Revenue

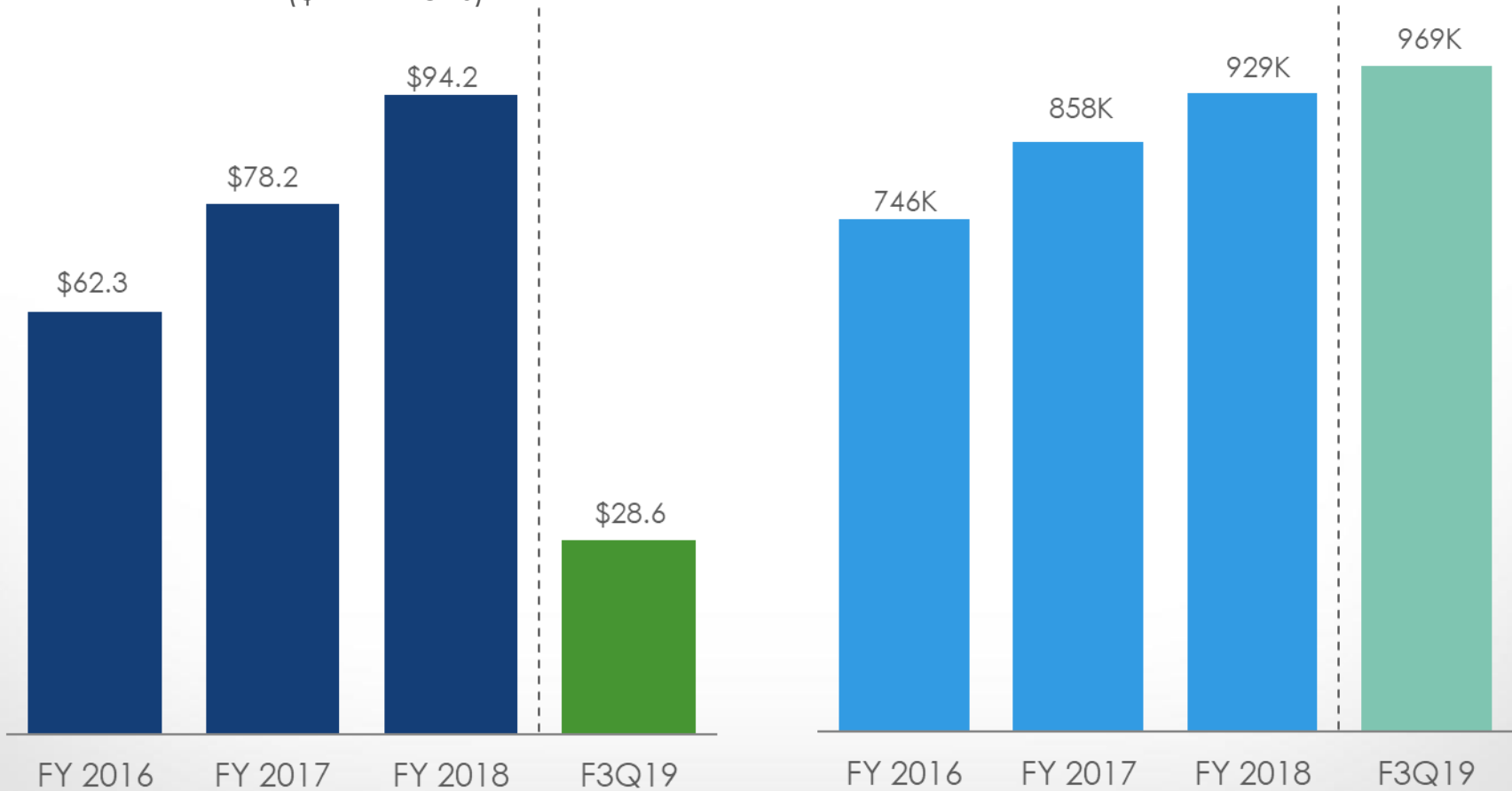


Core Subscription Revenue & Users



Subscription & Services Revenue
(\$ in millions)

Subscribers



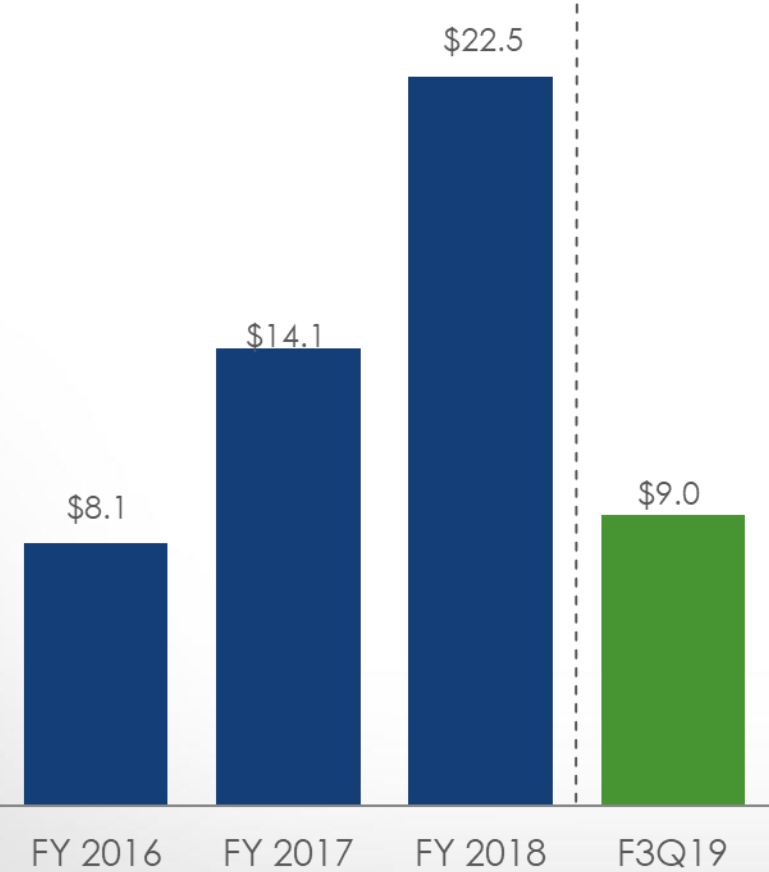
3Q19 Combined Business and Residential Subscription Revenue Growth of 20% yr./yr.

Overall Subscription & Services Revenue Excluding Talkatone

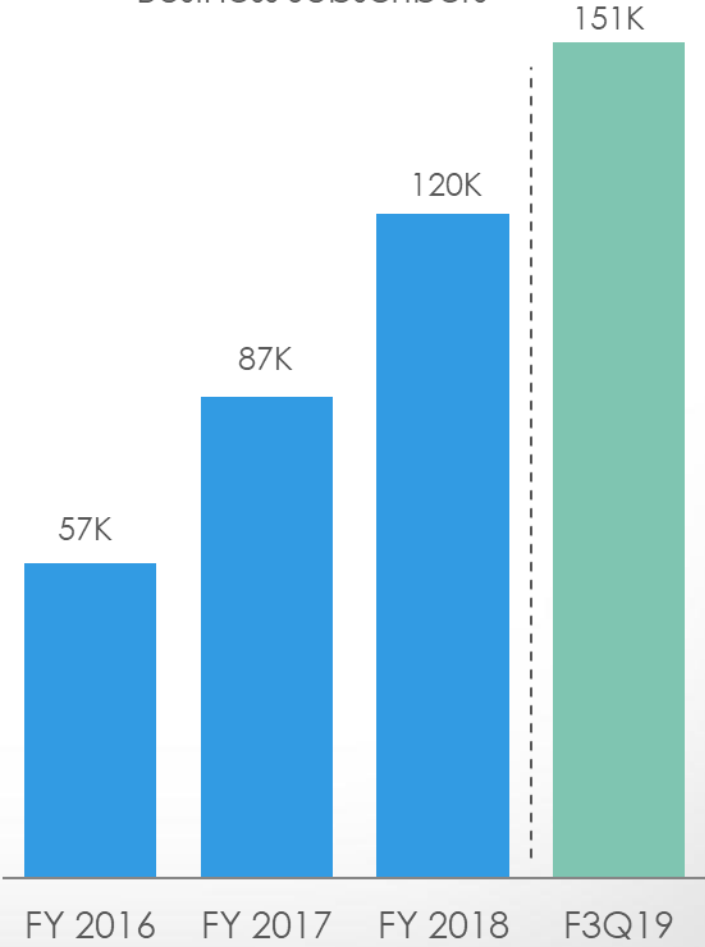
Business – Small Office & UCaaS



Business Subscription & Services Revenue
(\$ in millions)



Business Subscribers

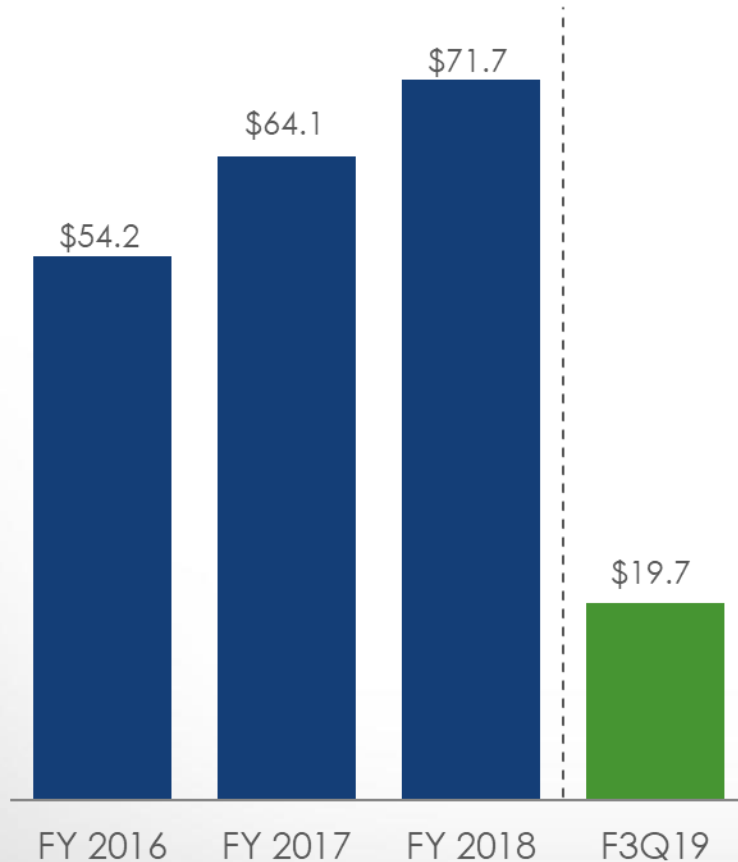


3Q19 Business Subscription Revenue growth of 52% yr./yr.

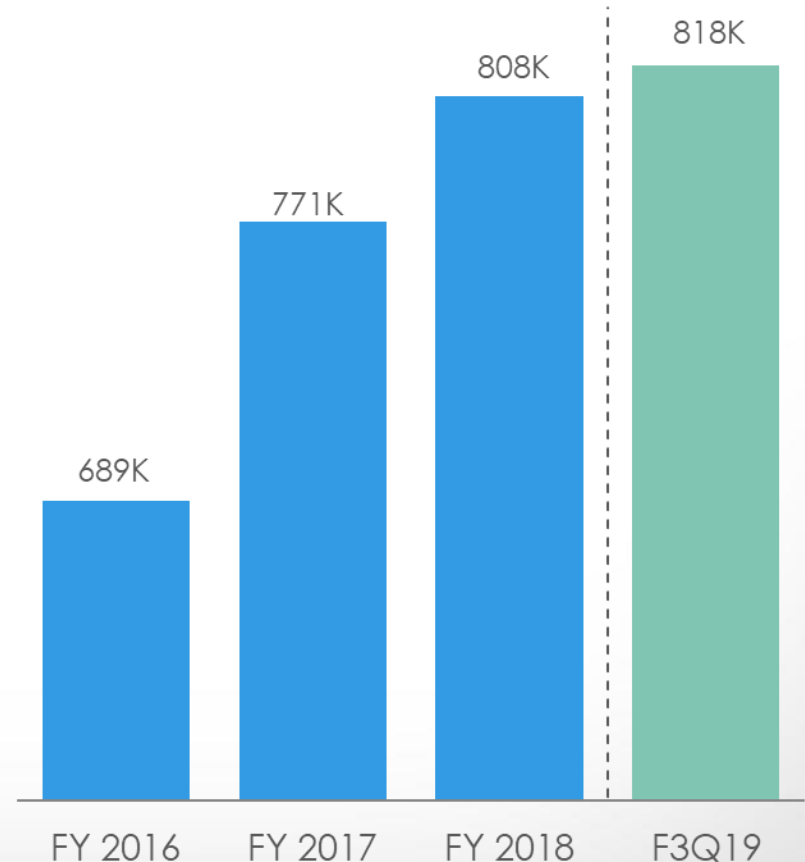
Business Subscription & Services Revenue Includes Ooma Office and Ooma Enterprise

Residential – Communications & Security

Residential Subscription & Services Revenue
(\$ in millions)



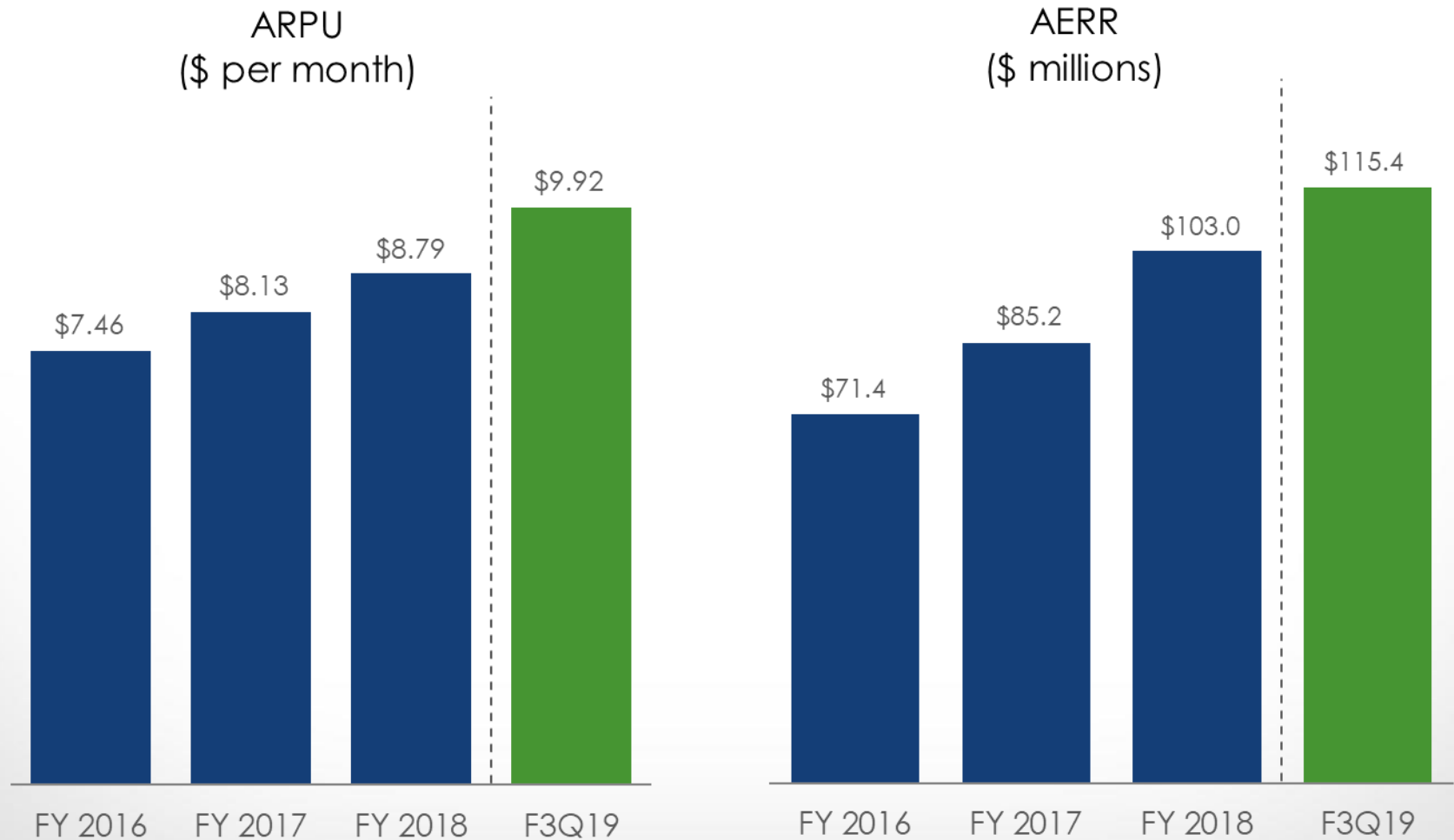
Residential Subscribers



3Q19 Residential Subscription Revenue Growth of 9% yr./yr.

Residential Subscription & Services Revenue Excluding Talkatone

Key Metrics



ARPU is blended monthly average subscription and services revenue per core user/seat. AERR is annualized exit recurring revenue.

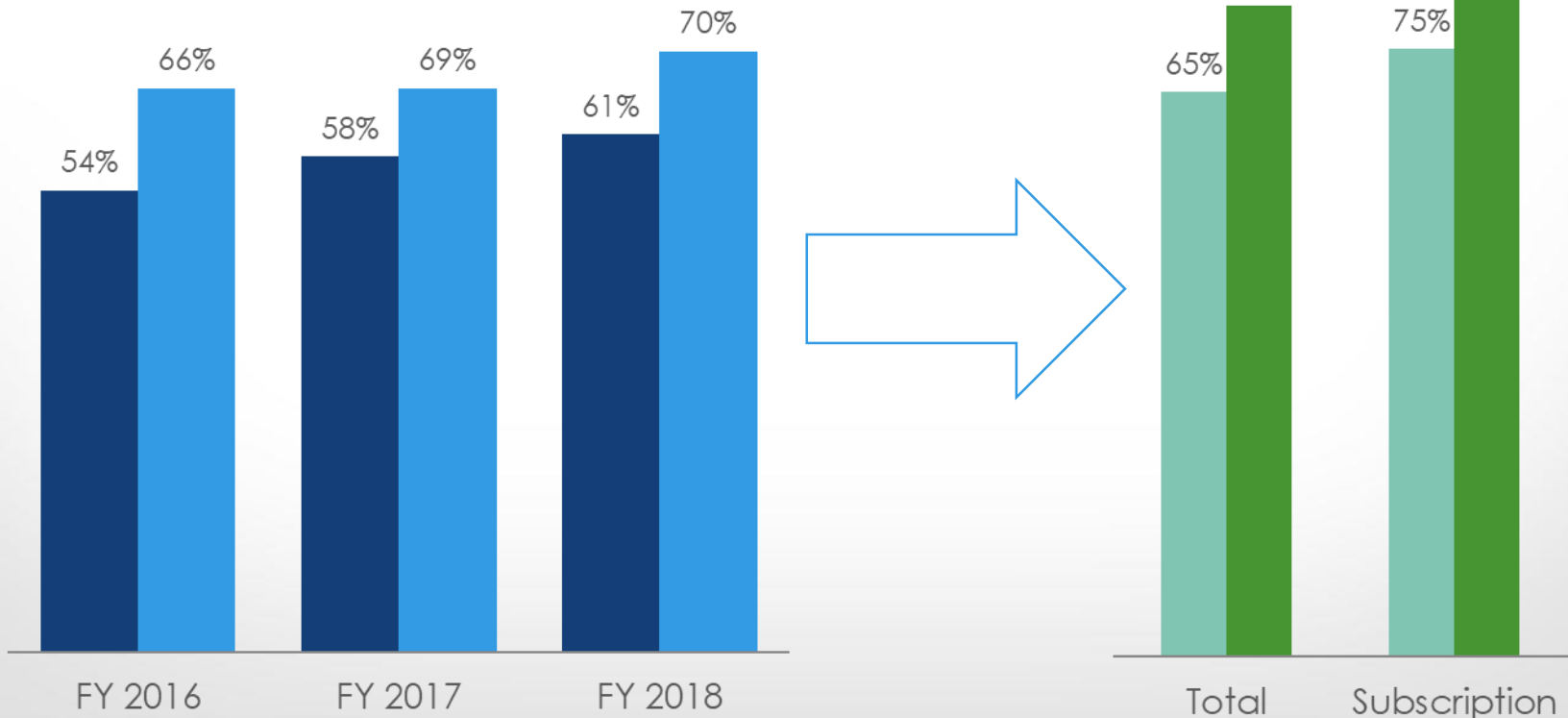
Improving Gross Margin



Long-Term Gross Margin Ranges

■ Subscription/Services
■ Total

■ Low
■ High



Strong Financial Position



(\$ millions)	FY 2017	FY 2018	9 mos. F19
Cash and Investments (no debt)	\$53.2	\$51.8	\$46.9
Cash from (used in) Operations	\$0.4	\$3.2	(\$1.8)
Capital Spending	(\$1.6)	(\$2.5)	(\$1.4)
Cash used for Acquisitions & Other Financial Activities	(\$1.6)	(\$3.8)	(\$4.7)
Adjusted EBITDA	(\$1.4)	(\$0.2)	(\$1.4)

Long-Term Target Model (Non-GAAP)



% REVENUE	FY 2017	FY 2018	F3Q18	F3Q19		LONG-TERM RANGES
Subscription & Services Gross Margin	69%	70%	71%	72%		75% - 80%
Total Gross Margin	58%	61%	61%	63%		65% - 70%
Sales & Marketing	31%	31%	31%	32%		20% - 25%
Research & Development	20%	22%	23%	23%		12% - 15%
General & Administrative	10%	9%	10%	11%		6% - 8%
Adjusted EBITDA	(1%)	(0%)	(0%)	(1%)		20% - 25%

Note: Non-GAAP excludes amortization of Intangibles and stock-based compensation expenses



Thank you

GAAP to Non-GAAP Reconciliation



\$ Thousands	FY2015	FY 2016	FY 2017	FY 2018	F3Q18	F3Q19
GAAP Gross Profit	\$35,477	\$46,910	\$59,329	\$68,092	\$17,166	\$20,073
Add: Stock-based compensation expense and related taxes	36	437	1,038	1,129	262	257
Amortization of Intangibles	122	163	162	183	40	146
Non-GAAP Gross Profit	\$35,635	\$47,510	\$60,529	\$69,404	\$17,468	\$20,476
GAAP Sales and Marketing	\$22,276	\$28,534	\$33,768	\$37,302	\$9,127	\$10,755
Add: Stock-based compensation expense and related taxes	(41)	(611)	(1,455)	(\$1,857)	(406)	(371)
Amortization of Intangibles	-	-	-	-	-	(45)
Non-GAAP Sales and Marketing	\$22,235	\$27,923	\$32,313	\$35,445	\$8,721	\$10,339
GAAP Research and Development	\$12,290	\$18,502	\$24,239	\$29,328	\$7,476	\$8,593
Add: Stock-based compensation expense and related taxes	(169)	(1,683)	(3,619)	(4,046)	(1,038)	(1,022)
Amortization of Intangibles	(5)	(6)	(7)	(6)	(1)	(1)
Non-GAAP Research and Development	\$12,116	\$16,813	\$20,613	\$25,276	\$6,437	\$7,570
GAAP General and Administrative	\$6,650	\$12,561	\$14,598	\$15,186	\$3,890	\$4,589
Add: Stock-based compensation expense and related taxes	(180)	(1,922)	(3,754)	(4,086)	(1,016)	(1,125)
Amortization of Intangibles	(179)	(224)	(179)	(124)	(39)	(5)
Acquisition related costs	-	-	-	(118)	-	-
Change in fair value of acquisition-related contingent consideration	(656)	281	-	-	-	-
Non-GAAP General and Administrative	\$5,635	\$10,696	\$10,665	\$10,858	\$2,835	\$3,459
GAAP Operating Loss	(\$5,739)	(\$12,687)	(\$13,276)	(\$13,724)	(\$3,327)	(\$3,864)
Add: Stock-based compensation expense and related taxes	426	4,653	9,866	11,118	2,722	2,775
Amortization of Intangibles	306	393	348	313	80	197
Acquisition related costs	-	-	-	118	-	-
Change in fair value of acquisition-related contingent consideration	656	(281)	-	-	-	-
Non-GAAP Operating Loss	(\$4,351)	(\$7,922)	(\$3,062)	(\$2,175)	(\$525)	(\$892)